
BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of

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)
Southwestern Bell Telephone Company's)
Comparably Efficient Interconnection Plan)
for the Provision of Basic Payphone Service)

CC Docket No. 96-128

**SOUTHWESTERN BELL TELEPHONE COMPANY'S
COMPARABLY EFFICIENT INTERCONNECTION PLAN
FOR BASIC PAYPHONE SERVICE**

ROBERT M. LYNCH
DURWARD D. DUPRE
MARY W. MARKS
J. PAUL WALTERS, JR.

Attorneys for
Southwestern Bell Telephone Company

One Bell Center, Suite 3520
St. Louis, Missouri 63101
(314)235-2507

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SOUTHWESTERN BELL TELEPHONE COMPANY'S
COMPARABLY EFFICIENT INTERCONNECTION PLAN
FOR THE PROVISION OF BASIC PAYPHONE SERVICE

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SUMMARY*

Pursuant to the Commission's Report and Order, and as modified by the Order on Reconsideration, SWBT seeks approval of its Comparably Efficient Interconnection (CEI) Plan to offer Basic Payphone Service. This CEI Plan provides a description of SWBT's Basic Payphone Service offering and details the basic services used in its provision. The CEI Plan also specifies the manner in which SWBT complies with (1) the Commission's nine comparably efficient interconnection parameters as well as nonstructural safeguards, and (2) the Commission's Report and Order and Order on Reconsideration in this docket. SWBT hereby respectfully requests expedited approval of its Basic Payphone Service CEI Plan no later than April 15, 1997.

Approval by April 15, 1997 is crucial because SWBT will eliminate and remove all subsidies from its payphone service by that date. Until Commission approval of the CEI Plan, SWBT payphone service operations cannot collect interim compensation. Thus, if the plan is not approved by April 15, SWBT payphone operations will lose all subsidies and receive nothing in return - - a financially inviable position.

* All abbreviations used herein are referenced within the text.

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Southwestern Bell Telephone Company (SWBT), by its attorneys,
respectfully submits for Common Carrier Bureau (Bureau) approval SWBT's
Comparably Efficient Interconnection (CEI) Plan for the provision of Basic Payphone
Service pursuant to the Federal Communications Commission's (Commission's) Report
and Order, as modified by the Reconsideration Order.¹ In those orders, the
Commission required the Bell Operating Companies (BOCs) to file initial CEI plans
describing how they intend to comply with the CEI equal access parameters and
nonstructural safeguards for the provision of payphone services.² Even though the
Commission has traditionally required such plans only for the BOC provision of
enhanced services, the Commission has required a CEI plan filing for basic payphone

¹ Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, Report and Order, FCC 96-388 (September 20, 1996) (Payphone Order); and Order on Reconsideration, FCC 96-439 (November 8, 1996) (Payphone Reconsideration Order).

² Order, at para. 202.

service to ensure that the BOCs provide payphone services in a nondiscriminatory manner and consistent with other Computer III³ and Open Network Architecture (ONA)⁴ requirements. Given the importance of this matter, SWBT has committed extensive resources in order to prepare and file this CEI Plan earlier than January 6, 1997.

SWBT requests expedited Bureau consideration of this Plan so that SWBT can qualify for compensation from interexchange carriers by no later than April 15, 1997.

³ Amendment of Section 64.702 of the Commission's Rules and Regulations (Computer III), CC Docket No. 85-229, Phase I, 104 FCC 2d 958 (1986) (Phase I Order), recon., 2 FCC Rcd 3035 (1987) (Phase I Reconsideration Order), further recon., 3 FCC Rcd 1150 (1988) (Phase II Reconsideration Order), further recon., 4 FCC Rcd 5927 (1989) (Phase I Second Further Reconsideration Order); (Phase I Order and Phase I Reconsideration Order vacated California v. FCC, 905 F.2d 1217 (9th Cir. 1990) (California I); Phase II, 2 FCC Rcd 3072 (1987) (Computer III Phase II Order), recon., 3 FCC Rcd 1150 (1988) (Phase II Reconsideration Order, further recon., 4 FCC Rcd 5927 (1989) (Phase II Further Reconsideration Order); Phase II Order vacated California I, 905 F.2d 1217 (9th Cir. 1990); Computer III Remand Proceeding, 5 FCC Rcd 7719 (1990) (ONA Remand Order), recon., 7 FCC Rcd 909 (1992), pets. for review denied, California v. FCC 4 F.3d 1505 (9th Cir. 1993) (California II); Computer III Remand Proceedings: Bell Operating Company Safeguards and Tier I Local Exchange Company Safeguards, 6 FCC Rcd 7571 (1991) (BOC Safeguards Order), BOC Safeguards Order vacated in part and remanded, California v. FCC, 39 F.3d 919 (9th Cir. 1994) (California III), cert denied, 115 S. Ct. 1427 (1995). See also Bell Operating Companies' Joint Petition for Waiver of Computer II Rules, Memorandum Opinion and Order, 10 FCC Rcd 1724 (1995); Computer III Further Remand Proceedings: Bell Operating Company Provision of Enhanced Services, 10 FCC Rcd 8360 (1995).

⁴ Filing and Review of Open Network Architecture Plans, 4 FCC Rcd 1 (1988) (BOC ONA Order), recon., 5 FCC Rcd 3084 (1990) (BOC ONA Reconsideration Order); 5 FCC Rcd 3103 (1990) (BOC ONA Amendment Order), erratum, 5 FCC Rcd 4045, pets. for review denied, California v. FCC, 4 F.3d 1505 (9th Cir. 1993), recon., 8 FCC Rcd 97 (1993) (BOC ONA Amendment Reconsideration Order); 6 FCC Rcd 7646, 7649-50 (1991) (BOC ONA Further Amendment Order); 8 FCC Rcd 2606 (1993) (BOC ONA Second Further Amendment Order), pet. for review denied, California v. FCC, 4 F.3d 1505 (9th Cir. 1993).

I. INTRODUCTION

SWBT intends to offer Basic Payphone Service as described herein, upon Commission approval of this CEI plan. The plan fully demonstrates how SWBT will comply with each of the CEI parameters established by the Commission in Phase I of Computer III,⁵ and the nonstructural safeguards as directed by the Order and the Reconsideration Order.⁶

II. SERVICE DESCRIPTION

This CEI Plan addresses SWBT's provision of basic telecommunications services to SWBT's payphone service operations and unaffiliated Payphone Service

⁵ Amendment of Section 64.702 of the Commission's Rules and Regulations (Computer III), Report and Order, 104 FCC 2d 958 (1986) (Phase I Order) at paras. 147, 154-166, recon., 2 FCC Rcd 3035 (1987) (Phase I Reconsideration Order), further recon., 3 FCC Rcd 1135 (1988) (Phase I Further Reconsideration Order), second further recon., 4 FCC Rcd 5927 (1989) (Phase I Second Further Reconsideration, Phase I Order and Phase I Reconsideration Order vacated, California v. FCC, 905 F.2d 1217 (9th Cir. 1990); Phase II, 2 FCC Rcd 3072 (1987) (Phase II Order), recon., 3 FCC Rcd 1150 (1988) (Phase II Reconsideration Order), further recon., 4 FCC Rcd 5927 (1988) (Phase II Further Reconsideration Order), Phase II Order vacated, California v. FCC, 905 F.2d 1217 (9th Cir. 1990); Computer III Remand Proceeding, 5 FCC Rcd 7719 (1990) (ONA Remand Order), recon., 7 FCC Rcd 909 (1992), pets. for review denied, California v. FCC, 4 F.3d 1505 (9th Cir. 1993); Computer III Remand Proceedings: Bell Operating Company Safeguards and Tier 1 Local Exchange Company Safeguards, 6 FCC Rcd 7571 (1991) (BOC Safeguards Order); BOC Safeguards Order vacated in part, and remanded, California v. FCC, 39 F. 3d 919 (9th Cir. 1994).

⁶ Order, at para. 23; Payphone Order on Reconsideration, at para. 209.

Providers (PSPs).⁷ It encompasses the sale, installation, and maintenance of the lines associated with SWBT's services offered to PSPs. In addition to the basic lines (i.e., central office line equipment and outside plant facilities needed to connect the serving central office with the customer premises, and the network interface), related services such as Selective Class of Call Screening (SCOCS), Billed Number Screening (BNS), International Toll Blocking and Answer Supervision-Line Side for coin service are offered as additional features.

SWBT's Basic Payphone Service is comprised of two separate, distinct lines. Both will provide two-way or, optionally, one-way originating only business exchange access service. (See Exhibit A attached.) The lines are provided and maintained by SWBT and provide access to and from the public switched telecommunications network for long distance service and local calling. The first line is standard Customer Owned Pay Telephone Service (COPTS) used in connection with "smart sets," where the set is programmed to collect coins, return coins and rate calls. These telephone sets must conform to Part 68 of the FCC's Registration Program⁸ or be connected behind an FCC registered coupler.

The second line associated with SWBT's Basic Payphone Service is referred to as SmartCoinSM and offers switch-based coin functionality. It works in

⁷ The term "payphone service" as used in this Plan means the provision of basic telephone service for the provision of public pay telephones, the provision of inmate service in correctional institutions, and any ancillary services, 47 U.S.C. § 276(d).

⁸ See Registration of Coin Operated Telephones, Memorandum Opinion and Order, 49 Fed. Reg. 27763 (1984) (Coin Registration Order).

conjunction with network controlled sets (commonly referred to as "dumb sets"), which rely on switch-based signaling. SmartCoinSM has central office-based services the same as the services SWBT offers its own public service operations.

SWBT will provide PSPs with toll detail reporting as provided with other local exchange service. PSPs may also request a Customer Billing Report which will provide additional information regarding SWBT recorded sent-paid calls originating from the SmartCoinSM access line. This report will include detail of SWBT handled sent-paid calls with the exception of local calls which do not require the assistance of an operator.

SWBT's Basic Payphone Service offering will be available to all PSPs, including SWBT's own nonstructurally separate payphone service operations.

As part of its Basic Payphone Service, SWBT will offer each of the following services on an individual basis to PSPs:

A. Fraud Protection

1. SCOCs - Restricts outgoing operator handled calls placed over SWBT's network. This service is not needed with the SmartCoinSM line and, therefore, not available when a customer subscribes to SmartCoinSM.
2. Billed Number Screening - Restricts collect calls or bill to third number calls placed over SWBT's network from being billed to the customer-owned pay telephone account.

B. International Toll Blocking - An optional service arrangement which provides central office blocking of direct-dialed international calls from coin operated telephones to telephone numbers outside the North American Dialing Plan.

C. Answer Supervision-Line Side - Provides "off-hook" supervisory signals to customer premises equipment.

SWBT plans to offer Basic Payphone Service throughout SWBT's five state territory (Arkansas, Kansas, Missouri, Oklahoma and Texas). Because SWBT plans to offer Basic Payphone Service on a purely intraLATA basis, the separate affiliate provisions of Section 272(a)(2) of the Act, 47 U.S.C. §272(a)(2), are inapplicable.

Inquiries regarding SWBT's Basic Payphone Service will be handled by the Vendor Resource Center in the same manner as the center handles them today for private payphone providers. SWBT's Vendor Resource Center provides a central point of contact for private payphone providers to place orders for tariffed services. Prospective customers will be presented two agreements regarding their subscription to payphone service. The first agreement will list the PSPs responsibilities and requirements for providing payphone service as dictated by the state commissions. It will also include a section that indemnifies and holds SWBT harmless from liability, damages, losses, claims or demands of any kind arising out of any act or omission of the customer or any other person in connection with facilities provided by SWBT.

The second agreement is a Blanket Letter of Authorization (BLOA).

Authorization must be provided when the responsible billing party is other than the property/business owner of the site at which a pay telephone is situated. The BLOA authorizes SWBT to connect service at a stated address and establishes the PSP as the responsible billing party of record. The PSP must obtain a properly signed Letter of Authorization (LOA) from each and every property/building owner. The BLOA is intended to communicate the need for PSPs to keep an LOA in their file for each service address.

III. CEI COMPLIANCE ISSUES

A. CEI Parameters

The Commission's nine CEI parameters are designed to ensure that the basic services used by a BOC's enhanced [payphone] service are equally available to other Enhanced Service Providers (ESPs) [PSPs]. The Commission has ordered the BOCs to demonstrate how they will comply with these parameters for the provision of basic payphone services. SWBT demonstrates its compliance with each such parameter below.

1. Interface Functionality

As part of its CEI offering, a BOC must generally make available standardized hardware and software interfaces that support transmission, switching, and signaling functions equal to those utilized in its own [payphone] service offering, with information and technical specifications for such interfaces subject to the

Commission's network information disclosure requirements.⁹ SWBT plans to file by January 15, 1997, a network disclosure regarding the interface to its SmartCoinSM line. No network disclosure is required with the existing standard line-side interface for the COPTS line. No special interfaces, signaling, abbreviated dialing, or other unique capabilities will be provided by SWBT to end users, or to other providers in support of the basic offerings described in this Plan. If such access arrangements are to be made available to SWBT's payphone service operations, they will be made available to other PSPs at the same time, in the same jurisdictions and on the same terms and conditions. SWBT will abide by its prior commitments and provide advance notification to PSPs of new interfaces, and will provide prior notification (including "make/buy" disclosure) required by the network disclosure rules.¹⁰

2. Unbundling of Basic Services

To satisfy the CEI requirements, the basic services and basic service functions that underlie the basic payphone service offering must be unbundled from other basic service offerings and associated with a specific rate element in the tariff.¹¹ The following basic services will be used to provide SWBT's Basic Payphone Service and will be available to any PSP:

⁹ Phase I Order, at para. 157.

¹⁰ Id., at para. 157; Payphone Order, at para. 206.

¹¹ Id., at para. 158.

1. COPTS line
2. SmartCoinSM line
3. Selective Class of Call Screening (SCOCS)

Type I, Basic SCOCS

Type II, Collect Only-Inmate Calls

Type III, Coinless Only SCOCS

4. Billed Number Screening
5. International Toll Blocking
6. Answer Supervision-Line Side

A description of the basic services that will support SWBT's Basic Payphone Service offering is attached hereto as Exhibit B. These services will be available to SWBT's payphone service operations and to other PSPs on an unbundled basis, at the same rates, and under the same terms and conditions, from state or federal tariffs in all jurisdictions currently served by SWBT.¹² However, tariffs regarding the COPTS line and SmartCoinSM line are not federally tariffed, in accordance with the Reconsideration Order.¹³

Any interLATA services PSPs subscribe to will be provided by carriers other than SWBT (and any affiliate) until SWBT or an affiliate becomes authorized to provide such services. Any additional intraLATA basic services that may be used to

¹² Copies of the illustrative tariff pages are attached hereto as Exhibit C.

¹³ Payphone Reconsideration Order, at paras. 162-163.

support SWBT's Basic Payphone Service offering in the future will be added to this CEI plan by way of an amendment prior to their use by SWBT, in accordance with prior Commission rulings.

3. Resale

The Phase I Order requires a BOC's [payphone] service operation to obtain the basic services used in its [payphone] service offerings at their unbundled tariffed rates as a means of preventing improper cost-shifting to regulated operations and anticompetitive pricing in nonregulated markets.¹⁴ SWBT's payphone service operations will subscribe to the underlying basic services at tariffed rates, just as any other PSP would obtain such basic services from SWBT.

4. Technical Characteristics

The Phase I Order requires that, as part of its CEI offering to [payphone] service competitors, a BOC must offer to unaffiliated ESPs (in the case of this CEI Plan, PSPs) basic services with technical characteristics that are equal to those of the basic services it utilizes for its own [payphone] service operations. These characteristics include, but are not limited to: transmission parameters, such as bandwidth and bit rates; quality, such as bit error rate and delay distortions; and reliability, such as mean time between failures.¹⁵

¹⁴ Phase I Order, at para. 159.

¹⁵ Id., at para. 160.

Interconnection between a PSP and the underlying basic services associated with SWBT's Basic Payphone Service will be achieved through both an existing network interface (COPTS line) and a new network interface (SmartCoinSM line). Therefore, the technical characteristics of the underlying interfaces that will be used by SWBT to provide Basic Payphone Service will be the same as those available to unaffiliated competitors who wish to use them in providing their own payphone offerings. SWBT's procedures for processing and assigning access lines are described in detail in the August 3, 1995 Amendment to its CEI Plan for Payment Processing Service filed in CC Docket Nos. 85-229, 90-623 and 95-20, which amendment is incorporated herein by reference. These procedures ensure that there can be no systematic discrimination in access line assignment based upon the customer or proposed use.

5. Installation, Maintenance and Repair

The time periods for installation, maintenance and repair of the basic services and facilities included in a CEI offering must be the same as those the carrier provides to its own [payphone] service operations.¹⁶ SWBT's internal methods for installing, maintaining and repairing all of its basic services are sufficiently mechanized that discrimination against any given customer or type of customer is prevented. All of SWBT's methods are either random in nature or involve mechanized prioritization techniques. For a detailed description of these methods, refer to the August 3, 1995

¹⁶ Id., at para. 161.

Amendment to SWBT's CEI Plan for Payment Processing Services, filed in CC Docket Nos. 85-229, 90-623, and 95-20, which was approved by the Common Carrier Bureau on October 31, 1995 (DA 95-2264). Service ordering, installation, maintenance and repair utilized by SWBT's payphone service operations will be performed in the same manner as they are for basic services purchased by unaffiliated payphone service providers. They will be subject to the same scheduling procedures and time periods as any other payphone service provider. SWBT's payphone service operations will not be given any preference or priority over other service providers, nor will SWBT's payphone operations have access to systems supporting basic service order entry, installation, maintenance, or repair functions unless such access is also available to other payphone service providers on nondiscriminatory terms.

6. End User Access

If a carrier offers end users the ability to use abbreviated dialing or signaling to activate or access the carrier's [payphone] service offerings, it must provide, as part of its CEI offering, the same capabilities to end users of all [payphone] services that utilize the carrier's facilities.¹⁷ End users will access SWBT's Basic Payphone Service via the same tariffed services that end users can use to access the services of other PSPs. No abbreviated dialing or signaling arrangements nor any special derived channel access arrangements are uniquely associated with SWBT's Basic Payphone Service offering.

¹⁷ Id., at para. 162.

7. CEI Availability

A carrier's CEI offering must be fully operational and available on the date that it offers its corresponding [payphone] service to the public. In addition, the carrier must specify a reasonable time prior to this date during which prospective users of CEI, such as [payphone] service competitors, can utilize the CEI facilities and services for the purpose of testing their [payphone] service offerings.¹⁸

Most of the underlying basic services utilized by SWBT in the provision of its Basic Payphone Service offering are currently offered under tariff in all jurisdictions served by SWBT. Tariffs will be filed by January 15, 1997, for those services not yet offered under tariff. Tariffs for basic COPTS are effective in Arkansas, Kansas, Missouri and Texas. In Oklahoma, SWBT currently provides COPTS service to payphone providers under Special Service Arrangement Requests (SSAR). The Oklahoma COPTS tariff was filed on June 6, 1996 and remains pending. Tariffs for SmartCoinSM will be filed in all states by January 15, 1997, as required by the Order and Reconsideration Order in the payphone docket. (See attached Exhibit C for a complete listing of all associated tariff references.) All underlying basic services available to SWBT's payphone service operations will also be made available to any PSP on the same terms and conditions. In jurisdictions where access arrangements are not currently available, SWBT will make testing capability available to PSPs at the same time that such capability is available to SWBT's payphone service operations.

¹⁸ Id., at para. 163.

8. Minimization of Transport Costs

In the Phase I Order, the Commission recognized that carriers may reduce or eliminate certain equipment and transmission costs by collocating or integrating enhanced service facilities with their basic network facilities. Although the Commission did not impose mandatory collocation requirements on carriers subject to CEI, it did require such carriers to provide others with interconnection facilities that minimize such transmission costs. The Commission required that carriers demonstrate in their CEI plans what steps they would take to reduce transmission costs for competitors.¹⁹

In the Phase I Recon Order, the Commission clarified that, while the requirement that transmission costs be minimized focuses on technological methods rather than pricing, it does not require a CEI offering that is substantially identical to existing services to be priced lower than those services simply for CEI purposes. Instead, the Commission encouraged the use of existing basic services in CEI to expedite initial CEI development.²⁰ In the Phase II Recon Order, the Commission clarified that a carrier may satisfy this CEI requirement if it charges itself an access link rate that is the same as that paid by non-collocated ESPs, provided that the access

¹⁹ Id. at para. 164.

²⁰ Amendment of Section 64.702 of the Commission's Rules and Regulations (Computer III), Memorandum Opinion and Order on Reconsideration, 2 FCC Rcd 3035 (1987) (Phase I Recon Order), at n. 261.

connections in each case are equivalent in technical quality.²¹

Interconnection to all facilities used to provide the underlying basic services supporting SWBT's Basic Payphone Service offering will be offered under tariff, and will therefore be made available at the same rates, and on the same terms and conditions, to both affiliated and unaffiliated providers of payphone service offerings. As other configurations and serving arrangements are requested by end users and/or become technically feasible, SWBT will work in good faith with customers to develop and implement new techniques that minimize transport costs.

To the extent that SWBT may plan to collocate its PSP equipment with its central office equipment, it will abide by the Commission's pricing parity rules and any applicable nondiscrimination requirements. The Commission has found that such commitments comport with the minimization of transport costs requirement.²²

9. Recipients of CEI

In the Phase I Order, the Commission stated that carriers should not restrict the availability of CEI to any particular class of customer or enhanced service competitor.²³ In the Phase I Recon Order, the Commission clarified that customer use or user restrictions for state-tariffed basic services were permissible, but required

²¹ Phase II Recon Order, at para. 34.

²² In the Matter of Southwestern Bell Telephone Company's Offer of Comparably Efficient Interconnection to Providers of Enhanced Services, Order, CCB Pol 95-7 (released June 11, 1996).

²³ Phase I Order, at para. 165.

carriers to provide an explanation of, and justification for, any such state-tariffed restrictions in their CEI plans.²⁴ State commissions in Arkansas, Missouri, Oklahoma and Texas require PSPs to obtain a Certificate of Public Convenience and Necessity (CCN) prior to establishment of service²⁵. Those commissions require periodic CCN updates to include location information. The location information enables them to properly dispatch compliance review personnel. PSPs are also required to file tariffs in Arkansas and Oklahoma.

The underlying basic services made available by SWBT's Basic Payphone Service offering will not be limited to any class of PSP. All such services will be available on a tariffed basis and will be accessible by all PSPs that are properly licensed/certified with the states to provide payphone service. If any new arrangements are made available to SWBT's payphone service operations, such arrangements will be made available to other PSPs at the same time, in the same jurisdictions, and on the same terms and conditions, including prior notification to the Commission and the PSP industry.²⁶

²⁴ Phase I Recon Order, at para. 111; see Phase I Further Recon Order, 3 FCC Rcd 1135 (1988), at para. 71.

²⁵ Tariff approval pending in Oklahoma. SWBT and other LECs were ordered by the Oklahoma Corporation Commission in Subchapter 11, 165:58-11-1 of Rulemaking 960000013, "until such time, access by payphone service providers to the incumbent LECs network will be provided by means of a special service arrangement based on incumbent LEC's tariff rate."

²⁶ If a PSP requests that additional elements be unbundled, such request will be handled in a manner substantially similar to requests made pursuant to SWBT's ONA Plan.

B. Other Nonstructural Safeguards

1. Allocation of Joint and Common Costs

In the Joint Cost Order,²⁷ the Commission adopted rules for the allocation of costs between regulated and nonregulated services provided by carriers subject to its jurisdiction. In the Phase II Order, the Commission required as part of its CEI requirements that the BOCs comply with those rules.²⁸ SWBT's cost allocation procedures for Basic Payphone Service will be consistent with these rules as they may be amended²⁹ and with SWBT's Cost Allocation Manual (CAM) submitted to the Commission pursuant to the Joint Cost Order.³⁰ SWBT will identify and report specific accounts, cost pools and allocators that are required to capture the nonregulated investment and expense associated with SWBT's payphone operations no later than January 15, 1997. To the extent that SWBT will have changes to its cost pools, SWBT will revise its CAM and file it with the Commission no later than February 14, 1997.

²⁷ In the Matter of Separation of costs of regulated telephone service from costs of nonregulated activities. Amendment of Part 31, the Uniform System of Accounts for Class A and Class B Telephone Companies to provide for nonregulated activities and to provide for transactions between telephone companies and their affiliates, Report and Order, (Joint Cost Order), modified on reconsideration, Order on Reconsideration, 2 FCC Rcd 6283 (1987) (Joint Cost Recon Order).

²⁸ Phase II Order, at para. 72.

²⁹ See Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996, Notice of Proposed Rulemaking, CC Docket No. 96-150, 11 FCC Rcd 9054 (1996).

³⁰ SWBT's CAM was most recently amended November 27, 1996.

2. Customer Proprietary Network Information (CPNI)

In the Phase II Order, the Commission adopted CPNI requirements for the enhanced service operations of the BOCs.³¹ SWBT will continue to abide by the Commission's existing rules and requirements regarding the use of CPNI in all respects, to the extent that the requirements of Section 222 of the Act (47 U.S.C. Section 222) are not inconsistent with them, and pending the outcome of the Commission's CPNI rulemaking proceeding³². For a detailed description of SWBT's CPNI policies and procedures, refer to the August 3, 1995 Amendment to SWBT's CEI Plan for Payment Processing Services filed in CC Docket Nos. 85-229, 90-623 and 95-20, which amendment is incorporated herein by reference. In addition, SWBT will fully comply with Section 222 of the Act, 47 U.S.C. Section 222.

CPNI related to the basic telecommunications services to which any payphone service provider subscribes will be treated as "restricted" and will not be made available to or accessible by any other payphone service provider, including SWBT's own payphone service operations, absent affirmative direction otherwise by the subscribing payphone service provider. Aggregate CPNI will be made available, if at all, only pursuant to the conditions of Section 222(c)(3).

³¹ Phase II Order, at paras. 154-156.

³² See Telecommunications Carriers' Use of Customer Proprietary Network Information, Notice of Proposed Rulemaking, CC Docket No. 96-115 (FCC 96-221), released May 17, 1996.

3. Nondiscrimination Reporting

SWBT's payphone operations will not be given any preference or priority treatment that is not also made available to other service providers, nor will SWBT's payphone service operations have access to systems supporting basic service order entry, installation, maintenance, or repair functions unless such access is also made available to other payphone service providers on nondiscriminatory terms and conditions. SWBT will continue to abide by the Commission's existing nondiscrimination reporting rules which require BOCs to file quarterly installation and maintenance and nondiscrimination reports, and will incorporate in such reports data regarding SWBT's provision of basic payphone services.³³

4. Network Information Disclosure

The Phase II Order required the BOCs to disclose information about network changes or new network services that affect the interconnection of [payphone] services with the network at two moments in time.³⁴ First, a carrier must disclose such information at the "make/buy" point -- that is, when the carrier decides to make itself, or to procure from another entity, any product, the design of which affects or relies upon the network interface. The Commission permitted the BOCs to condition "make/buy" disclosure of technical network information on the signing of a nondisclosure

³³ Phase II Order, at para. 98; Filing and Review of Open Network Architecture Plans, Memorandum Opinion and Order 4 FCC Rcd 1 (1988) (BOC ONA Order), at para. 451; Memorandum Opinion and Order on Reconsideration, 5 FCC Rcd 3084 (1990), at paras. 73-80.

³⁴ Phase II Order, at paras. 107-112.

agreement, and to provide the required network information within 30 days of the execution of such an agreement. Second, the Commission required the BOCs to release publicly all technical information at least twelve months prior to the introduction of the new service or network change that affects [payphone] service interconnection with the network. However, if a carrier is able to introduce the service between six and twelve months after the make/buy decision, public disclosure is permitted at the make/buy decision, but no less than six months before the introduction of the service. The Commission has, however, waived the filing deadline requirements to ensure that BOC payphone interconnection services are provided on a timely basis.³⁵

The interconnection between PSPs and the underlying basic services supporting SWBT's Basic Payphone Service offering will be achieved through an already existing network interface (COPTS line) and a new network interface (SmartCoinSM line). In the future, should interface specifications change, SWBT will comply with the advance notice requirements summarized above.

5. Tariffs

Illustrative tariff pages (for the State of Missouri, which are representative of the tariffs in all of SWBT's service areas) for the underlying basic services that will be used in the provision of SWBT's Basic Payphone Service offering are attached hereto as Exhibit C.

³⁵ Payphone Order, at para. 146.

IV. REMOVAL OF SUBSIDY

A. Interstate Subsidy

SWBT will submit a tariff filing by no later than January 15, 1997, to remove the interstate payphone subsidy from the interstate Carrier Common Line (CCL) charge, to be effective April 15, 1997. The FCC-directed method of subsidy identification effectively compares the embedded fully distributed (Part 69) set costs allocated to the interstate payphone cost category to current interstate payphone revenues, of which there are none. Only interstate payphone set costs are used because payphone line costs will continue to be regulated costs, alternatively recovered through assessment of the multiline End User Common Line (EUCL) charge to all payphones. The CCL charge will be further reduced by the amount of this additional EUCL revenue.

SWBT's interstate methodology complies with paragraphs 200 through 206 of the FCC's Order on Reconsideration in CC Docket No. 96-128. The following steps detail the methodology used to remove payphone cost recovery from the interstate CCL charge:

- 1) Identify the 1995 Part 69 costs assigned to the interstate Common Line Payphone cost element.
- 2) Deduct the line portion of the payphone costs; these will be recovered through assessment of the multiline EUCL on all payphone lines.
- 3) Divide the payphone set cost by the Part 69 costs assigned to the interstate Total Common Line cost element, including the 1995 NECA support, and

multiply the resulting factor by current (1995 base period) total interstate Common Line revenue.

4) Calculate an exogenous cost by subtracting any Inmate payphone costs that have already been removed from the interstate Common Line Price Cap Index (PCI) from the amount calculated in Step 3, offset by any additional NECA support. Using this exogenous cost, calculate a revised Common Line PCI.

5) Calculate additional EUCL revenues resulting from assessment of the multiline EUCL to payphone lines not assessed currently, based on 1995 demand.

6) Incorporating the revised PCI and additional EUCL revenue, calculate a revised maximum allowable interstate CCL. To the extent the current CCL rate exceeds this maximum allowable rate, reduce the current CCL rate.

B. State Subsidy

As the Payphone Order points out in paragraph 186: "States must determine the intrastate rate elements that must be removed to eliminate any intrastate subsidies." SWBT intends to work with its State regulatory authorities in identifying and removing the intrastate payphone subsidy.

V. CONCLUSION

Quick Commission action on this CEI Plan is imperative, because SWBT will remove all interstate and intrastate subsidy not later than April 15, 1997. Until the Commission approves SWBT's plan, SWBT cannot receive interim compensation, which the Commission intends, in part, to take the place of the removed subsidy. Thus,